

PIONEERING IN CITY STREETS:
AN EVALUATION OF THE URBAN HOMESTEADING MODEL

by

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B.A., Mount Holyoke College
(1984)

SUBMITTED TO THE DEPARTMENT OF
URBAN STUDIES AND PLANNING
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF

MASTER OF CITY PLANNING


at the

MASSACHUSETTS INSTITUTE OF TECHNOLOGY
June, 1986

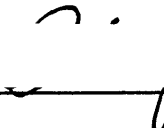
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
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Submitted to the Department of Urban Studies and Planning
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ABSTRACT

The paper presents an evaluation of the urban homesteading model as a policy tool for affordable housing. The City of Boston's urban homesteading program serves as a starting point to examine urban homesteading and what program elements are necessary to make homesteading work.

Boston's homesteading program operates with a very limited self-help element. The majority of sweat equity is carried out by contractors rather than the homesteaders themselves. However, true homesteading means self-help; the homesteaders rehabilitate the houses themselves. Self-help homesteading offers other benefits which make it an important alternative for low to moderate income housing. These special qualities are autonomy in housing choice and economy in homeownership. Therefore, by cutting sweat equity to a minimum, Boston loses the important aspects of autonomy and economy.

Boston's program directors claim that true self-help homesteading is impossible and the only way homesteading can work is through reducing sweat equity to a minimum. However, SWAP, a homesteading program in Providence, has operated successfully with true sweat equity program for 10 years, turning out over 400 homesteading properties.

The paper looks at why SWAP succeeded where Boston failed in implementing a true self-help homesteading program. Homesteading programs have four elements: administration, financing, homesteader selection and sweat equity/rehabilitation. An investigation of the two homesteading programs in terms of these four elements reveal what is necessary to make homesteading a feasible provider for affordable housing.

As a result of the analysis, small, non-profit grassroots organizations have more success in doing sweat equity homesteading than does a city bureaucracy. The grassroots group can set up the necessary technical and emotional support system to allow homesteaders to perform all of the work themselves. However, the city must generously fund the non-profit to keep homesteading affordable to low to moderate income people.

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ACKNOWLEDGEMENTS

There are a number of people without whom this paper never could have been written. Most importantly, I want to thank Beth Marcus, Jim Hexter, Kelly Quinn, Phyllis Robinson, and Robert Sanborn, my weekly support group. Not only did they give me emotional strength and a great dinner every week, but they took the time to give me extensive and inciteful feedback and guidance. Also, I want thank my parents and my sister Jessica, Richard Goldberg and Nancy Kreusser. They all have been on my side throughout my time at M.I.T., and without their love and support, I never would have gotten through these four long semesters. Lastly, I want to thank the Urban Studies and Planning support staff. Their caring and their willingness to help have made all the difference in my experience at M.I.T.

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CHAPTER 1: INTRODUCTION

Owning a home: the American dream. After the hardship of World War II, Americans revelled in the economy's burst of energy and their own new-found buying power. Caught up in the consumer spirit, people purchased new cars, new clothes, new appliances. As Americans accumulated more and more possessions, they needed a new place and more room for their new things. The search led scores of people to the suburbs. Housing construction boomed. Banks did a brisk business in the mortgage lending department. Soon many people, even average working Americans, lived in their own home. Buying a house meant the owner had "arrived," and everyone believed firmly in the right to a chance at this step towards success.

The American housing market has since undergone great changes. Market weaknesses, demographic shifts and the great population explosion resulting from the children produced in all of those post-war new houses have stretched America's housing supply to its limit. Economic pressures sent mortgage rates to impossible heights, as well as contributing to a rise in real estate values. The baby boom generation, with its size and changing household patterns, increased pressure on the amount of housing demanded. The friction of these growths and pressures has greatly constrained the housing market which now fails to produce sufficient housing for Americans. This failure becomes especially apparent as many Americans try to purchase homes and find that today few but the wealthy hold the dream of

homeownership within their reach.

The lack of availability and affordability has not changed the value Americans place on buying a house. Americans still regard the ability to provide people with the opportunity to own their own home as a measure of the success of the nation's housing system. Therefore, for planners and housing policy makers, it becomes an important issue to generate opportunities for homeownership to those who otherwise could not afford the option.

One solution to this dilemma grows out of the same "American spirit" which so highly values individual, independent ownership. Early American pioneers developed the West by getting land free from the government. If they worked the land and lived there for a certain number of years, they received the title to the land. Homesteaders, as they came to be called, earned the ownership rights to their property in return for their sweat and endurance.

These pioneers have recently reappeared in a somewhat different context. Modern homesteaders live in the inner city. Their prairies are declining urban neighborhoods, their properties abandoned or dilapidated buildings. Urban homesteaders obtain buildings from the city for a nominal fee or a reduced rate, rehabilitate them with their own sweat, live in them for a certain number of years, and assume ownership of the property. The risks taken by the homesteaders in tackling such projects in the modern urban wilderness are rewarded by the chance to own their own home at a reduced cost.

Homesteading first surfaced in an urban setting during the latter part of the 1960's. Citizen groups in many cities began rehabilitating abandoned buildings on a very small scale. One of the first organized efforts came in 1968, when Philadelphia created a housing program called "urban homesteading." They modeled it after the original Homestead Act of pioneer days. It called for giving abandoned homes to people who would in turn repair, maintain and reside in the homes. Unfortunately, the program languished unimplemented on the desks of the housing office.

Several years later, Wilmington, Delaware picked up the idea. In 1973, Wilmington became the first municipality to officially adopt a homesteading ordinance. The City of Baltimore followed Delaware with a similar program. By the latter part of 1973, Philadelphia managed to finally implement its program with a homesteading ordinance.(1) Soon after, other cities began exploring the idea.

In 1975, the Department of Housing and Urban Development followed these precedents and developed urban homesteading into a national program called the Urban Homesteading Demonstration. Under Section 810 of the Housing and Community Development Act passed by Congress in 1974, HUD repossessed vacant or abandoned one- to four-unit properties throughout the country for use in its Urban Homesteading Demonstration. Cities could join the Demonstration, take over the HUD properties and in turn give them to homesteaders for rehabilitation and eventual sale. By 1977, thirty-nine cities had joined the program.(2)

Among the earlier cities to participate, the City of Boston applied to the Urban Homesteading Demonstration in September of 1975. The City was interested in improving its declining neighborhoods and in providing affordable homeownership opportunities for residents of these neighborhoods.

In 1970, the majority of Boston's population lived in homes they owned themselves. In fact, twice as many people owned their dwelling unit than rented their unit. In contrast to the city-wide population, however, blacks primarily rented their dwellings. Owner-occupied dwellings were only a quarter of the number of renter-occupied dwellings. For Hispanics, the picture was worse, with owner-occupied dwellings only one tenth of the number of the renter-occupied units.(3) Blacks and Hispanics, being groups with traditionally lower income than the overall population, were clearly at a deficit in the field of homeownership. A policy to create affordable homeownership opportunities had to be found.

In the eyes of City officials in the mid-1970's, the Urban Homesteading program offered a means to this end. Now that the program has been in operation for eight years and has turned out over 175 properties, many, both within and outside the program, feel that Boston successfully achieved what it set out to with the homesteading program.

This paper looks at this "success" and uses it as a vehicle to explore the notion of homesteading. Did the City of Boston in fact achieve the goals it set out for itself?

If the Boston program does qualify as "successful", what made it such? And most importantly, what are the implications of such a program in terms of homesteading as a tool for affordable homeownership?

Boston viewed urban homesteading as one alternative for providing affordable homeownership. In the homesteading program's initial proposal to HUD, the program required that homesteaders earn low to moderate incomes. (Low to moderate income guidelines are determined by HUD standards of 80% of the area's median income.) Therefore, if the program served its targeted population, this low-to-moderate income group, then Boston can claim success with its homesteading endeavor.

However, the importance of the success of the homesteading program go beyond the simple fact that the homesteading program provided homeownership opportunities to low to moderate income people. What within the program structure enabled Boston to serve lower income residents in this mannner? And what policy implications do these keys to success bring to homesteading?

To answer these questions, it is first necessary to define homesteading. Simply, homesteading entails a prospective owner obtaining a dilapidated, abandoned house for minimal cost, renovating it by himself, and receiving the title to the property. Homesteading program staff carry out many of the preparatory tasks enabling the homesteader to purchase the building and perform the rehabilitation such as: selecting suitable homesteading properties from the

available abandoned stock, assessing the property for rehabilitation needs and assisting in locating mortgage financing for the homesteader. The homesteader proceeds on his own with the rehabilitation of the house. Signing on as a homesteader means agreeing to complete the specified rehabilitation work within a required time limit and to live in the property for a certain number of years.

The key to homesteading is the part of the process in which the homesteader carries out the rehabilitation of the property himself. This self-help aspect of the program is called sweat equity. Sweat equity or self-help means the owner of the property performs most of the labor in restoring the house to liveable condition. This includes all stages of repair: demolition, debris removal, carpentry, painting, cabinet making and more. The homesteader decides what the house will look like and he fulfills the plans with his own hands.

The nature of homesteading, as it first was envisioned by early Americans, entailed working for the right to the property. If pioneers were willing to pour their sweat into the land for three years, they earned the right to keep it. In a pure model of homesteading, the right to ownership must be earned by laboring for that right. Therefore, true homesteading means true sweat equity. Restoring the property through self-help gives the homesteader the right to the property.

However, the importance of sweat equity to the concept of homesteading goes beyond historical precedent. It

separates homesteading from other housing subsidy programs and makes homesteading a unique and important alternative for provision of affordable homeownership opportunities.

Low to moderate income people seldom have the opportunity to enter the mainstream housing market. Restricted by income and other social factors, they lack the opportunity to make choices about their housing. They are forced to accept whatever limited affordable housing becomes available to them, regardless of housing type, quality, style, location. The sweat equity component of a homesteading program gives the homesteader the independence to shape his housing, make choices. In rebuilding a home to his own specifications, a homesteader puts personal stock in the project which other types of predetermined housing programs cannot give.

Homesteading through sweat equity can lower the costs of renovation to the homesteader. He does the work himself and thus saves the costs of hiring a contractor. He buys the materials himself and does not pay extra through a middle man. And finally, the independence allowed by a true sweat equity program gives the homesteader the option on the types and expense of the renovation work. If planners or program staff make all of the decisions about the type and the amount of rehabilitation, the homesteader must pay for that rehabilitation. He must pay for the dishwasher, the oak floor boards, the cabinets, even if he might not want them. With a self-help program, homesteaders can do as much or as little as they desire and they can save money by performing

the work themselves.

This is not to say that programs which produce housing for low to moderate income families without sweat equity are not useful in the housing system. Programs which produce affordable units have merit if they are reasonably cost-effective. However, I am arguing that a homesteading program must have true sweat equity component, where the homesteader actually carries out the majority of the rehabilitation himself, if it is to follow a pure homesteading model.

But why bother with pure homesteading at all, if other subsidy programs provide affordable housing? The reason is that homesteading provides a means for affordable housing which also offers something more. Homesteading in its pure form with a true sweat equity requirement adds to the opportunity for affordable housing the elements of independence and economy. Self-help makes homesteading a unique and workable alternative for affordable housing provision.

Homesteading programs involve various factors in their operation: administrative organization, homesteader selection, financing, sweat equity/rehabilitation. Each of these components contributes to the program's outcome.

In the case of Boston, the core of the success of Boston's program in serving a low to moderate income population seems to lie in the the program's redefinition of the sweat equity or "self-help" portion. At the program's inception, the City of Boston required most of the

renovation to be accomplished through sweat equity by the homesteader. Over the course of the homesteading program, the requirements for sweat equity dropped from this heavy work requirement to simple light cosmetic work. Once the program shifted to a light sweat equity component, outside contractors completed the rehabilitation under direction of the staff of the homesteading office. The homesteaders moved into the almost-finished product.

This change occurred because the administrators of the program found it necessary for the successful completion of homesteading projects to reduce the sweat equity component to a minimum. They felt the only way for the homesteading program to turn out finished products was to take away the burden of rehabilitation from the homesteader and turn it over to contractors.

While this change in the program may have precipitated a happy resolution to the housing crisis of a group of people, I believe it is problematic to a pure homesteading model. As I discussed before, a true sweat equity component is central to the homesteading model. Therefore, watering it down to simple cosmetic repair takes away the core of the homesteading ideal. Completing the renovation before the homesteader moves in takes away his choice about his housing and his independence. The homesteading program then becomes no different from other forms of subsidized housing by losing the bonuses of autonomy and economy, qualities which make homesteading unique and important in the scheme of affordable housing.

To explore the importance of self-help in homesteading, I look first at the national urban homesteading model. This provides a theoretical framework within which to examine the operational aspects of a homesteading program. I have chosen the City of Boston as a springboard for this more specific investigation. I do not intend this paper as a detailed evaluation of Boston's Urban Homesteading program. Conducting such an evaluation would be a very difficult task owing to the lack of cooperation of the Homesteading office staff as well as the difficulty in uncovering data from organizations now disbanded or reorganized. However, by studying two non-profit organizations' activities as participators in the homesteading program, I can investigate the population served by the homesteading program, and determine how effective the program was in that service.

I plan to do this by examining the homesteader data obtained from the non-profit groups, and using that data to evaluate the program's operation. To further understand the Boston experience in the homesteading venture, I found it useful to compare it with another homesteading program, one which in contrast to Boston, manages to run a program including a heavy sweat equity requirement. Stop Wasting Abandoned Properties (SWAP), in Providence, Rhode Island, is a private, non-profit urban homesteading program. They provide homeownership for low-to-moderate income families through homesteading. SWAP families carry out almost all of the sweat equity themselves.

If the SWAP program succeeded where Boston failed, in working a true sweat equity requirement, how did it manage to do this? Was it necessary to cut other parts of the program? The answers to these questions provide a way of to understand homesteading and to see what would be required to use it in its pure form as a tool of affordable housing policy.

CHAPTER TWO: THE HOMESTEADING MODEL

In 1974, Congress passed the Housing and Community Development Act, authorizing HUD to initiate a homesteading program.(4) HUD designed the Section 810 Urban Homesteading Demonstration, which called for a cooperative arrangement between HUD and local city governments.(5) Congress passed the "National Homestead Act of 1974" on February 28. The Act called on HUD to establish a national homesteading program to transfer dwellings at nominal cost to people who would rehabilitate and then occupy them. It claimed:

It is the purpose of this Act to assist in alleviating the present shortage of decent housing for low-and moderate-income individuals and families through the more constructive use of federally owned residential property, while at the same time assisting in the elimination of deterioration and blight in urban and other areas and in the effective rehabilitation of those areas.(6)

The Homestead Act further detailed program criteria. The federal government had a stockpile properties it obtained due to foreclosure. It would transfer properties to local housing agencies, who would in turn convey these properties to homesteaders under certain conditions. The Act specified that the homesteader had to occupy the property for a minimum of five years. It also declared that the homesteader himself was to rehabilitate the property as much as necessary to bring it up to housing code standards, and had to permit periodic inspections by the housing agency. The potential homesteader had to have the financial capability to carry the costs of rehabilitation. Those who qualified as low-to moderate-income were to be given

preference whenever possible. At the end of five years, the homesteader would receive the title to the entire property.(7)

The program design put together by HUD followed these criteria. However, in the catalog it put out on the urban homesteading program, HUD did not present a single model for the cities to follow. Rather, it left the guidelines flexible to encompass the diverse nature of cities involved and the wide range of possibilities within a homesteading program.

The elements in designing a homesteading program involve neighborhood selection, property selection, homesteader selection, rehabilitation process and funding, and permanent financing. The Homesteading Catalog presents these elements in the chart on the following page.

HUD makes a distinction here between "needy" homesteaders and "capable" homesteaders. This raises an important issue. Both of these program types provide homeownership opportunities. But they do not both represent ways of providing homeownership to those who could not otherwise participate in the market.

A program designed to target "capable" homesteaders seeks to improve the tenor of the neighborhood, to bring in people with higher incomes to pull up a declining neighborhood population. Unfortunately, the influx of relatively wealthier residents wanting to take advantage of cheaper housing opportunities takes away the opportunity

HUD Guidelines
(From the Homesteading Catalog)

	Homesteader Selection	Property Selection	Plan for Rehabilitation	Financing Repairs
Homeownership for "needy" homesteaders	*Lower Income families	*Number of properties should be maximized	*Encourage self-help; minimize use of contractors	*Aid home- steaders to obtain necessary financing
	*Capable of self-help to offset rehab costs	*Properties should have low rehab costs	*Minimum standards of rehab	*Subsidize cost of finance
			*Provide technical assistance	
Stable, capable homesteaders demonstrating "capacity"	*Stable households clearly able to bear the costs of homesteading	*Select groups of properties to impact most on neighborhood	*Impose high rehab standards *Minimize self-help to insure quality; use contractors and monitor to enforce rehab standards	*Encourage homesteader to obtain private financing *Seek private lender commitment to the provision of credit to owners
				(8)

for lower income local residents who have more need for

lower cost housing. In effect, this is indirect displacement. Since most of the homesteading properties are vacant, low income people are not actually displaced. However, they are displaced from the opportunity to buy a house at an affordable rate. Further, it is probable that "capable" homesteaders have the financial means to obtain housing in the regular market. In this case, an urban homesteading program serves as a low cost lure to bring wealthy residents back into declining neighborhoods.

There is nothing wrong with this philosophy if that is the city's goal. However, it is problematic when it comes to the concept of urban homesteading. "Capable" homesteading includes a minimization of self-help. The bulk of the work done is completed by contractors, not the homesteader him or herself. As I argued in the introduction of the paper, this seems contrary to the pure theory of homesteading, which calls for the homesteader to perform the labor independently. Therefore, this type of a homesteading program, serving those more financially and socially capable than the existing neighborhood residents, is not homesteading at all, but systematic subsidized removal of affordable housing opportunity for low income residents.

In this paper, I consider the truer form of homesteading: the "needy" homesteader program, one which calls for minimizing the use of contractors and encouraging self-help. Whether this type of urban homesteading can work without compromising the self-help portion is the critical question I will explore. As well, I will examine

the elements needed to make this type of homesteading a viable program.

CHAPTER THREE: URBAN HOMESTEADING--BOSTON

PROGRAM DESIGN

In its proposal to HUD to join the Urban Homesteading demonstration, the City of Boston drew a mixture of elements into its scheme:

The goal of the program is to use this rehabilitation program to arrest deterioration, restore abandoned housing to active life, and infuse new strength into neighborhood housing suffering from some form of disinvestment.(9)

The process Boston outlined to carry out these goals followed very closely that suggested in the Urban Homesteading Act of 1974. First, HUD would present the list of available properties to the Homesteading Office of the City. The Homesteading Office staff and the neighborhood non-profits would review the list together and select properties. HUD would then convey the properties to the Homesteading Office, who then them to the non-profit. The non-profits would take it from there, marketing the property and selecting the participating homesteaders. The non-profit would put together a financial package for the homesteader, who would buy the property for only the cost of rehabilitation. Finally, the homesteader would actually purchase the property from the non-profit. The requirements called for the homesteader to perform the required rehabilitation and reside in the house for three years, whereupon the title to the property would be transferred to the homesteader.(10)

The homesteading program staff selected the

homesteaders based on several criteria. Mainly, it depended on "the applicant's ability to financially support the burden of homeownership and perform physical rehabilitation." (11) However, the proposal stated that all homesteaders accepted into the program had to come within either the HUD guidelines for low- to moderate income (70% of the area's median income), or earn a maximum household income of \$30,000. The non-profit could choose either option as its income guideline. (12) Since it limited homesteader income to low to moderate standards, the Boston program took on the appearance of the first of HUD's two categories, the "needy" homesteaders program.

The non-profit staff's decision about the potential homesteader's ability to afford the project was based on the "rule of thumb" that housing cost (mortgage, taxes, utilities) should not exceed 35% of household income. At the same time, the homesteader could not have outstanding liabilities (car, furniture, credit cards) exceeding 15% of household income. Exceptions to this could be made on a case-by-case basis. The amount of cash the potential homesteader had to come up with was 20% of the loan amount for the rehabilitation costs, in addition to monthly payments to maintain the property.

The other major criterion was the willingness on the part of the homesteader to make a personal commitment to sweat equity. As in the HUD model for "needy" homesteaders, the requirements in the beginning stage of the program called for the work to be done by the homesteader.

Selection put emphasis on those with a trade skill which could be used in heavy sweat equity, or a willingness to learn a trade skill. Also, the staff would look at the applicant's willingness to perform cosmetic repair such as painting, scraping and wallpapering. Finally, the non-profit would closely supervise the work.(13)

Two other criteria came into the selection process. Those with "housing need" were given preference. First came "needy" families, or those living in overcrowded or substandard housing as defined by City housing code standards. Secondly, those evicted from present housing by governmental action received consideration. Families with more than one child were third in priority. In addition, the program gave preference to those already living in the neighborhood.(14)

PROGRAM HISTORY

The City of Boston began its Urban Homesteading program in 1975. It placed central control of the program in the city agency responsible for community development. This agency, the Neighborhood Development and Employment Agency, created an Urban Homesteading Office in its Housing Division. The office was headed by Director Frank Tate and was staffed by an assistant director and several housing and rehabilitation specialists.

Once the office was created, the Boston Urban Homesteading Program suffered through a slow start-up period. The Homesteading office filed its application to HUD in September of 1975. HUD approved Boston's

participation in the program in February of 1976.

Implementation of the program took place in stages, with the bulk of the properties not coming on line until 1977.

The first non-profit organization to begin homesteading properties under the City homesteading program, in June of 1976, was Urban Edge. Urban Edge, a low income housing development corporation, based its operation in Jamaica Plain. Unlike the other non-profit groups participating in homesteading, Urban Edge had its own revolving loan fund. It did not, therefore, contract its services on a daily basis to the central homesteading office. Instead, Urban Edge received HUD properties through the homesteading office, figured out a per-unit cost for rehabilitation, and then obtained a grant from the central office for completion of the project. Urban Edge secured permanent financing for its homesteaders directly from a bank, rather than through the central homesteading office. (15)

The other two non-profits who participated at the start of the homesteading program joined early in 1977. These organizations, Community Training Dynamics and Ronan Neighborhood Associates, contracted out their services to the central office on a daily basis. The purchase agreements signed by the homesteaders called for three-year residence and a sweat-equity completion date of one year. Financing for the rehabilitation work came in the form of Federal Housing Administration (FHA) mortgages. (16)

The program experienced difficulties during these early years. When the homesteading program first started, it had

no pool of funds to serve as loan collateral and the FHA loans proved very difficult to obtain. Without such a backup fund, the FHA would not approve mortgage loans for homesteaders to rehabilitate the properties. The risk on homesteading projects without security seemed too great.

To compensate for this problem, in 1978, the City began to subsidize the financing and the rehabilitation costs with Community Development Block Grant money. With CDBG monies, the homesteading program created a fund to remain untouched in the bank. The fund served as collateral and secured the mortgage loans from the theoretical risk that the property would not be sold. Once it created this backup fund, the program stopped using FHA loans altogether and switched to using conventional mortgages available at local banks. They choose MHFA loans, or whichever area bank provided the best mortgage buy at the time of the loan.(17) On more recent properties, the majority have used MHFA loans. The MHFA loans proved helpful to production of homesteading properties as they made rehabilitation money more accessible at better interest rates to homesteaders.

At the same time, the program picked up its fourth non-profit, Lena Park Community Development Corporation. They participated for four years and then dropped out of the program. They had attempted to set up a revolving loan fund like that of Urban Edge and failed. In the meantime, Ronan Neighborhood Associates had only produced a minimum of activity under the homesteading program and Community Training Dynamics was going out of existence. To keep

going, the program needed new blood.

By 1981, the last three organizations joined the homesteading program: Roxbury Multi-Service Center, Dorchester Bay Economic Development Corporation and East Boston Community Development Corporation. These final three groups, in addition to Urban Edge, are the only groups still participating.(18)

As new non-profit organizations joined, the homesteading program underwent other changes. By 1981, the number of available HUD properties in Boston had dwindled, owing to sale of the buildings by HUD and rehabilitation of the buildings by homesteading and other programs. The program then switched from HUD properties to City owned properties which were being foreclosed by the City due to tax delinquency. The Boston Redevelopment Authority (BRA) held title to those City-owned foreclosed properties. The Homesteading Office decided which properties might be appropriate for homesteading and took the property title over from the BRA.

Also, the program was finding it very difficult to get homesteaders interested in doing heavy sweat equity work. Frank Tate attributed this lack of interest in self-help to the type of housing. Boston's housing stock is characterized by large wood frame structures. Tate claimed the size and style of the houses made sweat equity very difficult. While the size of the houses make renovation a challenging task, I do not agree with Tate that it makes it impossible. As I will show later in this paper,

homesteaders in Providence rehabilitated properties similar in size and structure. It is not clear why the directors of Boston's program felt it mattered in Boston while it apparently did not in Providence.

In any case, the directors of the Boston program decided the rehabilitation task was too onerous for the homesteaders to undertake themselves and that the homesteaders had no desire to partake in that aspect of the program. In response to this, program directors reduced the requirements to simple cosmetic work such as painting, papering, and cleaning. The rest of the renovation was completed by contractors. The homesteaders moved in only after the contractors finished their task.

The directors of the program also saw the lack of enthusiasm for the rehabilitation work as causing the work to drag in completion. Therefore, to force earlier completion of the rehabilitation work, the program dropped the completion requirement period from one year down to six months and soon thereafter to three or four months.(19) This might seem a very short time to complete the sweat equity work. However, as the requirements only called for interior painting, sanding and other cosmetic touches, three months should be sufficient.

The initial homesteading properties did drag in completion. However, I disagree with Tate that it was simply the lack of enthusiasm for sweat equity that caused the delays. Certainly the job of renovating a large frame home is an arduous one. It can only be accomplished with

sufficient support for the homesteaders from the program staff. Boston expected the homesteaders to repair the homes themselves, yet it failed to create a system of emotional and technical support to aid the homesteader. The Providence program used just such a support system which enabled the homesteaders to complete the same task that Boston homesteaders, left on their own, could not.

To deal with the problems of size of structure, the Homesteading Office made another change in the homesteading program. It began to rehabilitate multi-family units for division and sale as condominiums. Rehabilitation and hence the sweat equity required for a condo unit was considerably less than for a whole house. The units could go on the market much sooner and one building could provide ownership opportunities to more people. On recent condominiums, the sweat equity requirement called for 2 month completion.(20) In addition, the costs of rehabilitating a 3-family house, especially the large size wood frame homes most prevalent in Boston, were rapidly growing out of the reach of low-moderate income standards. In the eyes of the homesteading program, the condominiums allowed a more affordable alternative.

As the requirements on sweat equity completion changed, so did the length of time required of the homesteader to reside in the house. Until 1983, the homesteader had to live in the house for three years after he or she signed the purchase agreement, whereupon she or he received clear title to the property. During 1983, the program raised the

residency requirement to the full five years (as outlined in the original Homesteading Act of 1974). More recently, the homesteading program has raised this minimum to a 10 year occupancy requirement, but there has not been time for properties to be implemented under this. (21) Program staff has not specified why these changes took place. Certainly, a longer residency requirement increases the homesteader's personal investment in the property. It also discourages the homesteader from living in the house for several years and then turning around to sell at a huge profit to a family which is not low to moderate income.

The latter four non-profit organizations now constitute the whole of the homesteading program. The earlier groups have either gone out of business all together or simply ceased participation in the program. Locating information on homesteaders participating under the earlier stages of the homesteading venture is a difficult task. The records at the City's Homesteading Office are inaccessible and incomplete, according to director Frank Tate. Community Training Dynamics is no longer in existence. Ronan Neighborhood Associates kept very poor records and nobody connected with the homesteading portion of their operation works there any longer. Thus, those records are virtually unattainable as well. Urban Edge has been with the program since its inception. Unfortunately, they only keep at hand information for the last two years and the central homesteading office does not have any of the older records readily available.(22)

For purposes of locating information with which to evaluate the homesteading program, that leaves the three most recent groups: Dorchester Bay EDC, Roxbury Multi-Service Center, East Boston CDC. East Boston has recently slowed homesteading projects considerably due to the unavailability of abandoned or repossessed properties. Therefore, the most likely candidates for study are Dorchester Bay and Roxbury. Each of these groups has turned out approximately ten properties under the Urban Homesteading Program. The files on each of the properties are not entirely complete and the sample size is limited, but enough information exists to allow some conclusions about the population served by homesteading.

In the initial application to HUD and in a statement of goals by the director of the homesteading program, the homesteading program was to strengthen the housing situation in neighborhoods suffering from disinvestment.(23) In the eyes of the Boston Urban Homesteading program, this meant providing homeownership opportunities to lower income residents who could not otherwise buy a house on their own.(24) If the homesteading program did actually provide homeownership opportunities to low to moderate income people, then it can be considered successful.

The data on homesteaders in Dorchester and Roxbury shows that generally the homesteading program has met these criteria. First, I will discuss the properties completed by Dorchester Bay EDC , then those worked on by Roxbury Multi-Service Center. After I look at the characteristics of the

homesteaders served in each case, I will examine the different aspects of the program: administrative organization, homesteader selection, financing and sweat equity/rehabilitation for both Dorchester Bay and Roxbury Multi-Service.

CASE 1: DORCHESTER BAY EDC

PROGRAM SERVICE

The following tables give basic information on each of the homesteading properties completed by Dorchester Bay EDC. Table 1A details property information, Table 1B shows homesteader characteristics. The information is listed in order of date of purchase of the property by the homesteader. The first properties were purchased in 1982. The tables have some missing information due to incompleteness of homesteading data files. Also, the last four properties listed had not been closed on at the date on my inquiry.

It is fairly clear from the data that the homesteaders in this part of the program have incomes low enough to show that the program serves low to moderate income residents. The lowest is \$10,000 for a family of six, a figure obviously at the very low end of the income scale and well within the HUD requirement of \$29,000 for a family of six.(25) They certainly could not purchase a home in the area (which cost anywhere from \$80,000 up) on their own. With a family of six, renting an apartment is close to impossible as well. Large apartments are scarce. If such

TABLE 1A
Property Characteristics: Dorchester

	Building Type	Sales Price	Sweat Equity/ Rehab	Mortgage	Residency Requirement
1	2-family	\$45,000	Clean, paper, paint 3 months	30 years, 13.5% Conventional	3 years
2	3-family	\$42,000	Clean, paper, paint 3 months	30 years, 13.7% Conventional	3 years
3	3-family	\$47,000	Clean, paper, paint 3 months	30 years, 13.5% Conventional	3 years
4	1-family	\$19,000	Clean, paper, paint 3 months	details not given	3 years
5	1-family	\$35,000	Clean, paper, paint 3 months	details not given	5 years
6	3-family	\$52,000	Clean, paper, paint 3 months	20 years, 11.75% MHFA	5 years*
7	2-family	\$42,000	Clean, paper, paint 3 months	details not given	5 years
8	condo	\$25,000	Clean, paper, paint 2 months	details not given	5 years
9	2-family	\$55,000	Clean, paper, paint 3 months	details not given	5 years
10	condo	\$25,000	Clean, paper, paint 2 months	details not given	5 years
11	condo	\$30,000	Clean, paper, paint 2 months	details not given	5 years

TABLE 1B
Homesteader Characteristics: Dorchester

	Sex	Age	Race	Marital Status	# Child	Previous Address	Income	Occupation
1	F	39	Asian	Single	2	Dorchester 3 years	\$17,000	Meatpacker
2	F	29	White	Single	0	Dorchester 3 years	\$21,000	Postal Clerk
3	M	22	White	Single	0	Dorchester	\$16,500	Restaurant Manager
	F	23	White	Single	0	Dorchester	\$17,599	Secretary
4	M	34	Black	Married	3	Dorchester 20/9 years	\$15,600	Teacher
	F	30	Black	Couple		10 years		Not working
5	F	31	White	Single	2	Roxbury	\$13,500	Bus Operator
6	M	46	Hispanic	Married	2	Roxbury	\$17,472	-----
	F		Hispanic	Couple		3 years		Not working
7	M	49	Black	Married	4	Dorchester	\$10,000	Solderer
	F	35	Black	Couple		2 years		Not working
8	M	24	Black	Single	2	Dorchester	\$13,677	Engineering Aid
9	M	30	Hispanic	Married	2	Dorchester	\$9,216	Waiter
	F	30	White	Couple		8 months	\$6,400	Substitute Teacher
10	M	52	White	Single	0	-----	\$10,000	Bus Driver
11	M	32	Black	Married	2	Roxbury	\$7,500	-----
	F	28	Black	Couple			\$2,000	-----

apartments do exist, most landlords dislike renting to larger families.

At the higher end of the scale is an income of \$21,000 for a household of one. This is somewhat above 80% of the area's median income for a family of one, which is approximately \$18,000. Also, one household appears to have a combined income of \$34,000. This high amount of income is certainly cause for concern in terms of following the goals to serve those who have low- to moderate-income. Given the income requirements Dorchester Bay follows, it is not clear why it permitted this household to participate.

The data also indicate that the homesteading program did not result in loss of ownership opportunity to local lower income families by an influx of upper income professionals. According to 1980 census data, the average median family income for the area of Dorchester Bay is approximately \$11,577. (This number was arrived at by taking the average the median income for families in the census tracts which cover the target neighborhood. For specific tract numbers and census data see Appendix A.)(26) The figures from the homesteader data cluster around this number, some higher, some lower. There is no apparent evidence of an influx of outsiders with higher incomes picking up the properties at merely the price of rehabilitation and thereby removing the house from the reach of lower income local residents.

The occupational characteristics of the homesteaders also support the conclusion that the program did not result

in an invasion of higher income professionals. The occupations are not those of higher income professionals, but rather are service or or lower paying professional positions. Further, their occupations are similar to the occupations held by others in the neighborhood. The following table extracts occupational information of the applicable job categories for the neighborhood overall and the comparable data from the homesteaders. The percentage is calculated on the basis of the total number of workers over the age of sixteen.

Type of Occupation	% of total working population		
	neighborhood	homesteaders #	%
Executive, administrative, managerial	4%	1	9%
Professional specialty	4%	1	9%
Administrative support	14%	2	18%
Service occupations	10%	5	45%
Operators, fabricators, laborers	12%	2	18% (27)

As shown in the table above, the majority of the occupations of the homesteaders are service, administrative support or labor. These job categories do not represent higher paying professional positions. Rather, they come under the headings of "pink" or "blue collar" jobs, jobs with lower status, lower pay. The table also indicates that those pink and blue collar jobs outweigh the higher paying professional occupations in the neighborhood as a whole. The homesteading program does not bring in groups not already prevalent within the overall neighborhood. Instead it makes a good effort to serve the existing residents in

lower income brackets.

Other demographic characteristics also indicate that homesteading did not take away ownership opportunities from lower income local residents. The homesteaders are almost evenly divided by race--six are white, seven are black. There is one asian, one hispanic. The overall neighborhood population is 68% white and 20% black.(27) With the majority of homesteaders divided almost equally between black and white, the proportions of black and white homesteaders at least match the neighborhood proportions, and in fact indicate a tendency to encourage black participation. The neighborhood asian population is .5% (28), making the 6% asian participation in the program also in accordance with neighborhood percentages.

As well, Dorchester has a fairly large hispanic population, with 14% of residents having Spanish origin.(29) Three hispanics, or 17% of the homesteading population, well serves the local population of hispanics, a population which tends to be especially in need of affordable housing.

Eight of the homesteaders have dependent children, supporting the City's aim to use homesteading to provide housing for those with children. In the case of the homesteaders, 5 households or 45% are married couples with children and 2 households or 18% are households headed by females. This compares to 58% and 35% respectively in the neighborhood as a whole. Thus, it appears that female-headed households are somewhat unserved by the homesteading program.

The majority of the homesteaders are single. This further demonstrates the homesteading program's attempts to provide housing to people who have difficulty finding it on their own. In the present ownership market, inflated houses prices combined with high mortgage rates make buying a home financially very difficult for any single person with only one income. Those single people with low to moderate incomes find it even more of a hardship. The homesteading program offers them an opportunity to own a house where they otherwise would not have the option. In conclusion, it seems that to the extent that Dorchester Bay participated in the homesteading program, the properties in Dorchester indicate a success on the part of the homesteading program in following up on its goals to make housing ownership opportunities available to lower income City residents.

CASE 2: ROXBURY MULTI-SERVICE CENTER

PROGRAM SERVICE

The other case, Roxbury Multi-Service Center, began producing homesteading properties in 1981, about the same time as Dorchester Bay EDC. To date, however, they have turned over three properties to the homesteaders, with six more waiting for processing and closing. The data on the nine properties showing both property characteristics and homesteader characteristics are summarized in Tables 3A and 3B. The tables list the properties in order of date of processing. Racial data were not available. Just as with Dorchester Bay, the sample size is very small and the same

TABLE 3A
Property Characteristics: Roxbury

	Building Type	Sales Price	Sweat Equity/ Rehab	Mortgage	Residency Requirement
1	2-family	\$29,000	Clean, paper, paint 3 months	30 years, 9.5% MHFA	3 years
2	2-family	\$24,000	Clean, paper, paint 3 months	30 years, 9.5% MHFA	3 years
3	2-family	\$40,000	Clean, paper, paint 3 months	30 years, 9.5% MHFA	3 years
4	3-family	\$40,000	Clean, paper, paint 3 months	30 years, 9.5% MHFA	5 years
5	condo	\$35,000	Clean, paper, paint 3 months	30 years, 9.5% MHFA	5 years,
6	condo	\$37,500	Clean, paper, paint 3 months	30 years, 9.5% MHFA	5 years
7	condo	\$45,000	Clean, paper, paint 3 months	30 years, 9.5% MHFA	5 years
8	condo	\$36,000	Clean, paper, paint 2 months	30 years, 9.5% MHFA	5 years
9	condo	\$45,000	Clean, paper, paint 3 months	30 years, 9.5% MHFA	5 years

TABLE 3B
Homesteader Characteristics: Roxbury

	Sex	Age	Marital Status	# Child	Previous Address	Income	Occupation
1	M	34	Single	1	Roxbury	\$24,000	Policeman
2	F	32	Single	2	Roxbury	\$22,000	Teacher
3	F	37	Single	3	Dorchester	\$25,000	Administrator
4	F	32	Single	3	Dorchester	\$14,000	Nurse's Aid
5	F	35	Single	1	Roxbury	\$21,000	Program Administrator
6	F	35	Single	2	Roxbury	\$20,000	Medical Assistant
7	F	38	Single	1	Allston/ Brighton	\$21,000	Teacher
8	F	32	Single	1	South End	\$18,000	Dental Hygenist
9	F	28	Single	0	Roxbury	\$18,000	Group Counselor
	F	30	Single	0	Roxbury	\$10,000	Secretary

caution should be applied.

The demographics for the Roxbury program are less clearly low income than those for Dorchester. Part of the reason for this is that the income guidelines followed by Roxbury MSC are somewhat different from those at Dorchester Bay. Income limits for homesteaders in Roxbury require a cap of \$30,000 per household, regardless of family size. (This was the second of two choices for income restrictions offered in the program description issued at the start of the homesteading program back in 1976.)(30). It is not clear from program staff why Roxbury chose this restriction rather than 80% of the area's median income. It certainly is not because the Roxbury neighborhood has a higher median income and needs a higher limit. The average median income in Roxbury is only \$9,833, as opposed to \$11,577 in Dorchester.(31) If anything, Roxbury should have lower limits than Dorchester. This calls into question whether the Roxbury program serves low to moderate income people.

As a result of the difference in restrictions, the incomes shown are a bit higher than those in Dorchester. In Roxbury, the lowest is \$14,000 for a family of 4. The other end of the scale includes a combined household income of approximately \$28,000 for a family of two. Although this is within the guidelines for low -moderate income as set by the program, it suggests that the ceiling of \$30,000 might not be as appropriate as Dorchester Bay's restrictions. The incomes shown for Roxbury are on the high end of the low-moderate income scale, especially in light of the fact that

the average median income for the neighborhood is only \$9,833.(32) (See Census Tract data in Appendix for figures). In spite of this, the service of Roxbury Multi-Service Center to low to moderate income people must not be entirely disregarded. Although not as clearly low to moderate income as Dorchester Bay, Roxbury Multi-Service still serves people who could not otherwise enter the homeownership market. With salaries in the teens and twenties, certainly none of these families could buy a home in the highly inflated private market.

The occupations of the homesteaders similarly show service to the higher end of the low to moderate income scale. As demonstrated in Table 4, one half of the homesteaders hold administrative or professional specialty positions. The other half work in the service and administrative support sectors. Thus, the program did not provide affordable housing for a population entirely made up of higher income professionals. One half of the homesteading population works in "pink" collar work. Also, the highest single salary of the Roxbury homesteaders is only \$25,000. Therefore, even the positions coming under the administrative and professional specialty categories are at the lower end of the income scale for jobs of that type.

Roxbury Multi-Service does not serve the local blue collar population as well as Dorchester Bay. In Roxbury, none of the homesteaders work at laborer or operator jobs. In a neighborhood with 20% of the overall population in low paying, low status labor positions, a program to provide

affordable housing should include that population.

TABLE 4

Type of Occupation	% of total working population		
	neighborhood	homesteaders	
Executive, administrative, managerial	3%	# 2	% 20%
Professional specialty	9%	3	30%
Administrative support	23%	1	10%
Service occupations	27%	4	40%
Operators, fabricators laborers	20%	0	0%
			(33)

In the Roxbury data, all except for one household is headed by female heads of households, and all heads of households were single. This compares with a population of female headed households in the overall neighborhood of 51%. The Roxbury program shines with regards to attempting to house this group which has difficulty entering the ownership market. As I discussed before, the high costs of homeownership make it hard for most people with a single income. This is especially true for low to moderate income people.

In serving female-headed households, Roxbury is much truer to the neighborhood situation than Dorchester Bay. But with the working population, Dorchester Bay more closely serves its neighborhood picture. Between the two groups, the homesteading program managed to alleviate housing difficulties for those who traditionally suffer in both the rental and the ownership market. Without the program, of the homesteader households would not have been able to purchase a house through traditional means.(34)

While Roxbury homesteaders tend more toward the

moderate end of the low to moderate income scale, the program still succeeds in providing ownership to people who would not otherwise be able to enter the ownership market. This being the case, the homesteading properties in Roxbury indicate a success on the part of the homesteading program in following up on its goals to make homeownership opportunities available to lower income City residents.

ANALYSIS

The properties in both Dorchester and Roxbury indicate a success on the part of the homesteading program in following up on its goals to make housing ownership opportunities available to lower income City residents. To understand the consequences of this success, it is helpful to look at the two non-profits's program in terms of the factors involved in a homesteading program: administrative organization, homesteader selection, financing and sweat equity.

PROGRAM OPERATION

ADMINISTRATION

Boston's program is run by a central homesteading office which coordinates all the activities from choosing potential sites for homesteading, to providing actual finances as well as coordination of mortgage monies, to creating and monitoring guidelines for the program. It then contracts out the operation within the neighborhoods to

local non-profit agencies. In "contracting out", the central office provides administrative expenses for the homesteading portion of the non-profit's operation. The non-profit agencies buy the properties from the City, hire contractors to renovate them and sell them to the homesteaders.

The selection of properties and determination of an appropriate sales price is a joint effort between the central office and the non-profit. When it learns of an abandoned property, either from the Homesteading Office or through a private owner, Dorchester Bay looks at the property, estimates rehabilitation costs and sends a basic pro forma to the central office.

At this point, the Rehabilitation and Market staff from the central office look at the property and Dorchester Bay's projections. They estimate the rehabilitation required to meet building code standards. They question if the rehabilitation can be done within the direct subsidy given by the central office. This subsidy is \$5,000 in direct grant towards rehabilitating the property. The grant goes to the non-profit rather than the homesteader. Some negotiation occurs and the central office makes the final decision as to an appropriate sales price. (35)

Roxbury MSC starts by looking at the area and the house, comparing the local market to the homesteading site. At the same time, going at it from the other side, the staff first estimates what an appropriate rent would be for the site given the market and using Section 8 rent guidelines.

This provides an example of appropriate and affordable monthly charges for the property which can then be used to calculate an affordable mortgage amount. Next the staff looks at the income level of the homesteader to see the amount of a mortgage the homesteader could carry. Weighing all of these numbers, it then backs into a sales price for the buyer. The estimates are subject to approval by the rehabilitation staff in the Central Office.(36)

Although Dorchester and Roxbury arrive at the purchase price for their homesteading units in a different manner, this seems to make no difference on the cost to the homesteader. The prices of the units are similar (See Tables 1A and 3A). And whether or not the sales prices is considered the price of the rehabilitation, the process is the same. The homesteader pays the sales price and moves into an almost totally renovated unit. In either case, the sales price covers the cost of rehabilitation.

HOMESTEADER SELECTION

Once the Homesteading Office and the non-profit choose properties and decide on the sales price and required rehabilitation work, the central office puts out notification of available properities. Potential homesteaders submit their application for a specific property directly to Dorchester Bay EDC and Roxbury Multi-Service Center. The staff at the non-profits complete credit checks and financial verifications on all of the applicants.

Those who pass the credit check, who are Boston residents, and who are within the low-moderate income guidelines undergo another review. This second stage reviews the applications without knowing the applicant's identity. The non-profit prepares a summary of each case and submits it along with blind applications (all forms of personal identification removed) to a Community Review board. The City appoints five community residents to this review board. Based on the summary of the homesteader circumstances and any accompanying letters or documents explaining special circumstances, they make the final decision as to who will homestead the properties. Such letters might include a description of family size, difficulty in locating housing, recent eviction from a home, or a desire to renovate a home. The board members are community people who know the area housing market. Sometimes they are homeowners, sometimes not. Their decision is objective insofar as the identity of the homesteaders remains hidden during the selection process.(37)

FINANCING

After homesteader selection, the non-profits worry about financing for the homesteader. Dorchester Bay and Roxbury MSC do not do the legwork for mortgage shopping. That responsibility remains in the hands of the central office. The central office keeps abreast of the local lending scene and arranges the mortgages.(38) Lately, Dorchester Bay and Roxbury MCS have been using mortgages

from the Massachusetts Housing Finance Agency. Prior to that, The Bank of New England provided mortgages to homesteaders. The mortgages from the MHFA have been available at 5% down, with varying low interest rates. The homesteader takes a loan for 90% of the purchase price. The homesteader must put down 5% in cash, or approximately \$2,100, as a downpayment.(39)

SWEAT EQUITY/REHABILITATION

To cover the other 5% of the downpayment, the homesteader is supposed to put sweat equity in the building. At the time the two non-profits began working on homesteading properties, the sweat equity requirements had already been reduced to light cosmetic work.

In order to only require cosmetic work from the homesteaders, the non-profits hire contractors through the bid process to complete the rest of the rehabilitation. The non-profit staff investigates the property and makes the decisions as to what sort of renovation is necessary. The contractors complete any demolition, put in heating systems and plumbing. They also perform all carpentry, build and install walls, floors, windows. The homesteaders have no role in deciding what the house should look like. They move in once the work is nearly completed. The total costs of the rehabilitation run between \$20,000 to \$55,000 in total, the amount of which determines the sales price to the homesteader.

This leaves only light rehabilitation required for sweat equity on the part of the homesteader. It includes

painting the walls and the woodwork, sanding and finishing the floor and cleaning the assorted nails, sawdust and debris left by the contractors.(40) If this activity is supposed to cover 5% of the sales price, or approximately \$2,100, it means using very expensive paint and other costly decorating tools, a notion not in keeping with the affordable housing notion. In other words, light cosmetic sweat equity does not really cover a 5% downpayment. Therefore, that "5% sweat equity" becomes merely a grant, an outright subsidy from the city for the homesteader.

I find this troublesome. First, the homesteaders have no choice about the renovation. They take no part in the decision about the shape their housing would take. This is unfortunate, since the homesteading model provides an excellent opportunity for choice by the homesteader. If he completes the majority of the work himself, he determines what the interior looks like, what type and how much repair he does. He has independence through a homesteading program where sweat equity entails heavy rehabilitation work. If the opportunity exists, it seems limited not to take advantage of the opportunity to provide the independence and the other benefits sweat equity homesteading offers.

I asked various program officials why the program did not encourage this independence through requiring the homesteaders to complete the majority of the renovation themselves. All of the program officials responded similarly: expecting a minimum of sweat equity from the homesteaders provided the only means by which they could

complete properties under the homesteading program. More stringent requirements could not be implemented due to resistance by homesteaders. Applicants would not agree to or have the ability to contribute more in the way of sweat equity.(41)

I disagree with this assessment. There is no reason to assume that homesteaders do not have the ability or the desire to refurbish their homes themselves. I am not sure why program staff in Boston choose to make this assumption. As I will show later in the paper, it is possible for inexperienced homesteaders to perform rehabilitation on homes even as large as the type in Boston. Homesteaders in Providence do exactly this. They are homesteaders similar to those in Boston. They have no previous skills. They want to build their own home from an abandoned shell and they manage to do so economically.

This question of the economy of self-help points to another advantage of sweat equity homesteading. In Boston's case, the homesteaders must purchase the home from the non-profit at "the cost of rehabilitation." For the Dorchester and Roxbury properties, this ranges from \$29,000 to \$55,000. However, the non-profits decide on the amount and type of rehabilitation and thus the cost of the unit to the homesteaders. Therefore, if the homesteader wishes to rehabilitate the house more cheaply or perform jobs himself he cannot do so.

For example, say in a bid accepted by Dorchester Bay, contractor asks \$10,000 to remodel a kitchen. This includes

new cabinets, counter, appliances and plumbing. In Boston's program, this work is already completed when the tenant moves in. He has no choice about doing the job himself to reduce the cost. On the other hand, with a real sweat equity component, the homesteader would remodel the kitchen himself. His only cost would be the materials. He would save the contractor's fee and any overhead the contractor might pass on in providing the materials. Also, he might choose to do without a dishwasher or ceramic floor tiles or other items which would save on costs.

I also wonder whether the use of contractors accounts for the small number of properties put out by Dorchester Bay and Roxbury Multi-Service. In four years of operation, only twenty homesteading properties came through. When using contractors for the rehabilitation, the non-profit does not allow homesteaders to move in until contractors finished their work. Turning out homesteading properties means waiting for the completion of all contracted work. However, the non-profit has no real control over the contractors once it hires them. Contractors belong to unions, they work at their own pace. Waiting for completion of contract work could easily slow up the turning out of habitable properties.

The homesteading program staff believes the opposite to be the case. They claim that leaving rehabilitation to the homesteader makes the process painfully slow. Perhaps in the Boston experience, this was the case. However, I will show later in this paper that with the appropriate support

structure within the homesteading program, it is possible operate a very productive program without using contractors for heavy work but rather by relying on sweat equity.

In summary, Dorchester Bay EDC and Roxbury Multi-Service Center managed to put out a limited number of homesteading properties under the Boston Urban Homesteading model. The homes provided ownership opportunities to low to moderate income families who could not have purchased homes on the open market. They started out with the HUD model of the "needy" homesteader, where self-help is at a premium and the use of contractors is minimized. Boston's program found that in order to make the program work, it was necessary to undertake all of the contracting itself and leave only a bare minimum for the homesteaders.

This does not mean that the Boston Homesteading program failed. As I discussed in the introduction, any program which produces housing units for low to moderate income individuals has merit. I am not arguing that Boston must use homesteading in its true form to provide housing. However, pure homesteading offers independence and self-determination to the homesteader. It also offers an economical way to rehabilitate the structure. The program in Boston says this true type of homesteading is not possible. I will show that with the appropriate program design, it is indeed possible.

CHAPTER FOUR: URBAN HOMESTEADING--PROVIDENCE

STOP WASTING ABANDONED PROPERTY

A homesteading program in Providence, Rhode Island has exactly this type of strong sweat equity component. The program is called Stop Wasting Abandoned Property (SWAP). It is a private, non-profit organization and it has rehabilitated over 400 properties since 1975 under the homesteading model. SWAP has succeeded where other programs such as Boston failed in including true sweat equity into its program design. How did SWAP manage this? What other things did SWAP have to give up to achieve success in this department? Did the low-moderate income standards have to be dropped? Did the structure of the organization have to change? The answers to these questions should bring to light the elements necessary to produce a true sweat equity homesteading program.

PROGRAM HISTORY

Stop Wasting Abandoned Property (SWAP) began its operation in 1976 as a grassroots effort to curb the severe housing abandonment problem in Providence. It never applied to participate in the HUD demonstration but instead remained a community-based effort. In an effort to preserve the housing stock, SWAP created a program to help people with lots of energy and without much money purchase the abandoned homes and rehabilitate them. Over the ten years of operation, SWAP has produced 400 rehabilitated houses, which translates into 900 units of housing.(42)

PROGRAM DESIGN

Similar to the non-profit organizations who participate in Boston's program, SWAP searches for and examines the properties for homesteading. But, SWAP is a broker of the abandoned houses to prospective homesteaders. It does not hold the title to the properties at any point. The homesteader takes direct ownership. Also, a difference with the SWAP program comes in the source for properties. The City of Providence owns no abandoned houses. Therefore, SWAP must look to private owners to secure properties for homesteading. Its search for properties is much more involved than in Boston, where most of the properties come from the City's stock. It must find abandoned properties, locate the owner, and then persuade him or her to sell. Once it has arranged a sale, SWAP then negotiates a sales price for the house, usually between \$2,000 and \$5,000.

After SWAP locates properties, it examines the property, does thorough specs and then puts out a listing of available properties for sale. The staff helps families as they approach the program to decide if they want to participate in such a time-consuming and difficult project. SWAP further assists the families in locating the necessary financing for a property appropriate for their needs and desires. The housing and rehabilitation staff go over renovation needs and supervise in the choice of contractors and materials. They also run classes on rehabilitation techniques. Throughout the course of the homesteaders' project, SWAP maintains a close counseling relationship to

support the homesteader. The idea is to provide as much support as possible for the homesteaders to carry out almost all of the rehabilitation work themselves.

PROGRAM OPERATION

ADMINISTRATION

SWAP is run by an administrative staff of six, an executive director, a receptionist, a property lister, two housing counselors and a rehabilitation specialist. The organization began staffed by volunteers in 1976, but the administration has since become permanent. The lister spends most of his time tracking down the owners of abandoned properties and convincing them to sell.(43)

SWAP is governed by a community-based Board of Directors which is made up of 60% homesteaders and the rest interested community members. Homesteaders also constitute two thirds of the administrative staff. Those who run the program have a very personal commitment to making the program run effectively and productively.

FINANCING

SWAP is not a city agency. It does not have available the same amount of funding as is available to a city-backed agency for administrative salaries and costs of operation or for loan-collateral funds. One half of its operating budget comes from Community Development Block Grant monies apportioned by the City of Providence. Another small portion is Federal Emergency Management Act money. The state gives no money to SWAP. The rest of the budget comes from community support.

The budget covers staff salaries, tools and subsidies for the units. Through the CDBG funds, SWAP has been able to give grants to the homesteaders of between \$5,000 and \$7,000 for downpayments on the houses. This is similar to the \$5,000 in subsidy the Homesteading Office in Boston gives the non-profits for each homesteading property. (It must be noted that for the upcoming fiscal year, the City has cut out the CDBG funds to SWAP. Therefore, with future properties, SWAP will not have the financial capacity to offer these grants to the homesteaders.)(44)

Once SWAP has helped the homesteader gather a downpayment and other necessary closing costs, it aids in securing mortgage financing. SWAP researches the best available rates in the area and arranges for the homesteaders to make their application, but the homesteader is responsible for securing the loan.

Most of the loans are conventional fixed rate mortgages at the current interest rate. Many of the homesteaders have been able to get construction loans to start up with and then have switched to regular financing. Local banks have been cooperative with the homesteading venture, reports the director of SWAP, David Karoff.(45)

Other loan sources have been available from time to time for homesteaders. Providence has low-interest loan programs which allocate funds by neighborhood, as well as some 6% loan money for historical houses. Boston's program has been able to use MHFA (Massachusetts Housing Finance Agency) to get low interest loans for homesteaders.

Unfortunately, SWAP does not have this option due to the fact that the RIHFA, Rhode Island's cousin to the MHFA, is struggling from corruption and scandal and is therefore not a source for funds at the moment.(46)

HOMESTEADER SELECTION

Homesteader selection at SWAP is a much simpler procedure than the one followed by Boston's homesteading program. "First come, first served," sums up the process. People come into the office when they have heard about a property for sale. They fill out an application detailing financial information. They must have enough resources to close at the bank and to cover payments for 60%-70% of total rehabilitation costs. It is important to note that the homesteading applicants are not skilled carpenters or contractors. They do not have any special qualifications or skills for doing the rehabilitation work.

There is no income ceiling for homesteading applicants, but the median income for present homesteaders is \$13,500. The director of SWAP, David Karoff, does not feel an income "requirement" is necessary. It works out that incomes of those coming to the program remain quite low without mandating restrictions.(47)

There are no other mandated requirements, but the homesteaders tend to come from the City of Providence. SWAP programs are scattered throughout the City and keeping people in the same neighborhood is not quite as much of a concern as within Boston where historically the concept of the "neighborhood" holds particular importance.

Recently, a problem developed when Boston developers began to become aware of the cheap abandoned houses available in Providence and started buying them up, inflating the prices in the Providence market and taking away the opportunity from low income local residents. As a result, SWAP has stopped listing with realtors the abandoned properties it locates and instead must advertise the homesteading properties by word-of-mouth.(48)

Other demographic characteristics of the homesteaders are interesting in comparison to the population served by the program in Boston. Individual data were not available from SWAP at the time of the interview with the program director. However, SWAP puts out summary characteristics on the homesteaders. Racially, the homesteaders are approximately 50% hispanic, 25% black, and 25% white. These proportions for the most part represent the proportions in the city population, according to the organization's director.(49)

The large representation of hispanics in the Providence project indicates SWAP's ability to provide a homesteading program which manages to serve those on the lowest end of the income scale, where the hispanic population still tends to be located in American cities.

Homesteaders in the Providence program are 80% families, primarily traditional families with two parents and children.(50) This is different than homesteading in Boston, which attempts to house single-parent families and single people, those who find it particularly difficult to

enter the ownership market. SWAP has done a few homesteading projects with groups of single people and other family types, but they like to work with traditional nuclear families.(51) Perhaps this is because of the support structure of the traditional family unit which can help homesteaders through the very difficult and trying project of renovating a home from scratch.

SWEAT EQUITY/REHABILITATION

The final aspect of the SWAP program is the most crucial one, sweat equity/rehabilitation. This point differs the most radically from the program in Boston and is the core of homesteading. SWAP homesteaders perform almost all (in some cases, all) of the rehabilitation themselves. This includes all of the demolition work, which is a heavy job given the severely dilapidated state of the properties. All framing, carpentry, all exterior work also are completed by the homesteaders, as well as the interior cosmetic work. SWAP makes the initial survey about what is necessary to make the house habitable, but the homesteader makes the real decisions. For electrical work and heavy plumbing, SWAP homesteaders often hire contractors. By law, people in single-family structures are allowed to do their own electrical work, and many attempt to do so. Owners of multi-family dwellings are required to hire liscensed electricians and most of them follow the law.(52)

What is special about SWAP's sweat equity element is the support it gives to the homesteaders. The housing counselors follow along with the homesteaders from beginning

to end. They advise homesteaders on rehabilitation possibilities, the timetable in which to complete the project, which contractors to choose for electrical work and plumbing systems.(53) Throughout this process, SWAP's rehabilitation and housing staff consult with the homesteaders, offering suggestions and teaching technical skills. Using the homesteading houses as the classroom, the rehabilitation staff person runs classes on how to use tools, fix things, build things, any skills homesteaders need to know to complete the renovation on their homes.

Further support comes from the Tool Bank. SWAP runs a tool collective where homesteaders may borrow tools and equipment, such as hammers, drills, electric saws.(54) This helps keep down the cost to the homesteader of buying tools, as well as lending to the cooperative and supportive spirit of the program.

Homesteaders must live in the house for two years after they buy it, but other than that, there are no restrictions on what they can do with it. Owners may rent units in a multi-family structure to anyone they wish, regardless of income of the tenant. The amount of renovation done to the house is entirely the owner's choice. He can perform the bare minimum in order to pass building code inspection, or he can pour hundreds of thousands of dollars into the structure.

The lack of restrictions within the program could create a potential for an influx of higher income professionals into the area. Owners could rent to high-

paying tenants, bringing in higher payed professionals and taking away the affordable housing opportunity from lower income residents. On the other hand, low income owners could come in, rehabilitate the house and sell it to a high income person, again removing the property from affordable stock.

Another possible point where abuse could occur comes with the sweat equity component. David Karoff, director of SWAP stresses the point that although they have a heavy sweat equity component, it is not a requirement. Theoretically, then, someone with a high income could move in and contract all of the work out.(55) However, says Karoff, this does not happen. He points out the median income of \$13,500 for the homesteaders, hardly in the upper income bracket. As well, homesteading is not easy. The properties are severely distressed and the neighborhoods declining and often unsafe. Wealthier people have no desire to move to those neighborhoods. Neither has there been a problem of investors buying up the abandoned houses and renovating them for sale. The project of rehabilitation is far too burdensome to make it an attractive investment opportunity.(56)

In fact, Karoff attributes the success of SWAP to this very lack of actual requirements. Homesteaders have a choice about how much and what type of renovation they want to do. They can scavenge and hunt for scraps of wood and old kitchen cabinets. Or they can buy new cabinets and put stained glass in the windows. All homesteaders buy the

houses for between \$1,500 and \$5,000. After that, they decide what makes the houses habitable. Although no numbers were available, according to Karoof, the rehabilitation cost averages around \$7,000, but it can go up from there if the homesteader can come up with the funds.(57)

This seems to be the essence of the homesteading ideal. The homesteaders get the house for a very modest sum. They then must fix up the house and live in it for two years. Almost all of the rehabilitation work on the houses the homesteaders accomplish through self-help. No one tells the homesteaders what the house should look like--they makes decisions independently. They can buy and refurbish a home for as little as \$7,000. The program manages to serve lower income city residents. It has produced over 400 properties over the years with only 15 or 16 that failed to follow through to completion.

This type of program is precisely what Boston's homesteading staff labeled as impossible to implement. Yet Providence managed to implement it very productively. In the next chapter, I compare the two programs in more detail to uncover what makes it possible to run a true sweat equity homesteading program.

CHAPTER FIVE: HOMESTEADING--BOSTON VERSUS PROVIDENCE

Why could Providence manage such a strong and productive homesteading program based on true sweat equity and Boston could not? Boston claimed that homesteading did not work until it cut away the amount of sweat equity required of the homesteaders. And even with a much reduced requirement, the homesteading program has only put out 175 homesteading houses in ten years as compared to 400 over the same ten years from a program which followed the reportedly impossible heavy sweat equity component.

The difference in productivity between the two programs becomes even clearer in light of the proportion of homesteading units as compared to the overall number of housing units in each city. The City of Boston has approximately 220,000 housing units,(58) as compared to 175 homesteading units. Providence has approximately 60,000 units in total(59), with 400 homesteading units. Boston has more than three and a half times as many overall units than Providence. Yet, Providence produced more than two times as many homesteading units.

ADMINISTRATION/ORGANIZATION

The two programs are administrated in a different way. One is run by a City agency. The City agency designs, structures and directs the program and hires non-profit community development corporations to run the program. The other program is a private non-profit group, independent of the City. This could both work for and against facilitating a heavy sweat equity program.

A City agency has more funds available to it than does a small non-profit. Administrative costs such as staff salaries present no problem in a City agency homesteading program. Those costs need not come directly out of the homesteading budget. This frees up homesteading resources to be used for subsidy to the homesteaders. The increased facility for subsidy increases the possibility for production of homesteading properties. The more direct subsidy the homesteaders have, the lower the incomes they need to carry out the project and the sooner they can start on renovation.

This would be especially true if the per unit cost of renovation remained consistent across the programs. In the cases of Boston and Providence, the housing stock is very similar. Homesteading properties in both cities are large wood frame houses with several stories, porches, exterior woodwork. Therefore, costs of rehabilitating the homesteading properties in the two cities should not differ significantly. Frank Tate, Boston's program director, claims rehabilitation costs in Boston to be among the highest in the country. But he goes on to state the per unit rehabilitation subsidy cost as between \$8,000 to \$10,000.(63) This is not significantly more than Providence, which averages \$7,000 per unit.

However, there is some discrepancy in the Boston rehabilitation figures. On the one hand, staff quotes the per unit rehabilitation subsidy cost at around \$10,000. Yet Dorchester Bay bases its sales price on what it calls the

cost of rehabilitation, which comes out between \$22,000 and \$55,000. I do not understand the difference between these numbers, or why Boston finds it costs so much to renovate properties of the same type and size of those in Providence.

Whatever the costs for rehabilitation, "subsidy" still means reducing the cost to the person being subsidized. Therefore, the fact remains that a heavier subsidy to the homesteaders should facilitate the rehabilitation process, even if the rehabilitation is expensive. A City agency with a larger budget should have more of an opportunity to subsidize self-help rehabilitation. If anything, then, Boston should be able to more deeply subsidize its homesteaders because it has more funds available. If the costs of rehabilitation are a little higher, it should not matter. Besides, self-help homesteading lowers the costs of rehabilitation by taking away the need for contractors and reducing the costs of materials to the homesteader by allowing choice on the work to be done. If Boston followed this model, the higher rehabilitation costs would not present such a problem.

Another place where the City agency structure should work to the advantage of a homesteading program is in securing properties to homestead. In addition to the HUD properties available to the cities participating in the Homesteading Demonstrations, which Boston used earlier on in its program's development, the City of Boston itself owns many potential homesteading sites. It has not been necessary to pour a significant amount of staff time into

convincing citizens to sell vacant and abandoned houses.

SWAP has had none of these advantages. It has had to finance through its small budget a full time staff person devoted exclusively to locating abandoned properties, tracking down absent owners unwilling to sell and then trying to convince each of them to sell the property. Yet despite the lack of resources, SWAP still has turned out over twice as many properties under homesteading while utilizing real sweat equity in a way Boston could not.

What SWAP lost by not having access to the same resources as a City agency, it gained in its autonomy. A grass-roots organization operates on its own, free from bureaucratic red tape and complicated levels of accountability. Moving projects through a governmental hierarchy always takes more time than necessary for proper signatures and approval. Both organizations began in 1976, but SWAP already began homesteading properties while Boston sat waiting to start its program.

Linked to the problem of moving through the bureaucracy is the role of politics in City-run programs. Approval of activities on different levels often becomes a matter of political maneuvering. If a powerful faction finds homesteading objectionable, funds for contracting out to the non-profit organizations may suddenly become a political football, tossed at the whim of City officials. SWAP, operating independently, remains free from the potential political stumbling blocks.

While Boston's program is only a small part of the

City's overall community development operation, SWAP focuses entirely on homesteading. All energies, financial and otherwise, go towards the one goal. This is important because when allocating money and time, SWAP does not have to make choices between conflicting program needs which could result in shortchanging on one or another program. As well, its staff is hired with homesteading in mind. Staff in a city agency often come into their jobs to perform several different functions and must spread their talents thinly across many projects. SWAP has only one type of project. Since it focuses on this, it can therefore produce more effectively and more efficiently as a pure homesteading program.

It is true, however, that the Boston homesteading program contracts out to non-profit organizations to perform more of the operation and the specialized tasks. These community-based non-profits function similarly to SWAP. Their administrative structures are alike and they have the potential for close involvement with the homesteading projects. Why can they not facilitate a heavy sweat equity component following an operation like that of SWAP?

The non-profits have a problem not unlike the City of Boston. They have a small staff and many different projects. They too must share time, energy and funds between a variety of projects. They cannot spend all of their time working with homesteaders. And even if they did have more time, the non-profits are employed by the City under the homesteading program. They must operate their

portion of the program within the structure set by the City agency. The central office makes all policy decisions in regards to sweat equity requirements, residence requirements, income requirements. It also selects the properties to homestead, makes mortgage arrangements, and appoints the community board which chooses homesteaders. The non-profits have no part in the design of any of these elements. They merely carry out the Central Office's instructions. Therefore, for instance, if the Central Agency has not created a system of support for helping the homesteaders perform the rehabilitation itself, the non-profit may not set up its own tool bank or rehabilitation classes. Even though the non-profit has similar structure to SWAP, it does not really have autonomy in the implementation of the homesteading program.

With something as challenging and difficult as self-help homesteading it seems that independence of the organization works in its favor. Production and efficiency result from a program based in the field and free from the political and managerial ties of bureaucracy. At the same time, however, autonomy creates financial constraints and hardships which would be alleviated by larger resources available to a governmental agency. Therefore, an effective sweat equity homesteading program needs a combination of independent operation and a healthy subsidy from outside governmental sources to produce the most efficient service.

FINANCING

The next aspect of a homesteading program, financing,

looks like it should work against SWAP and in favor of the Boston program in terms of allowing a productive sweat equity-oriented homesteading program. Here SWAP is at a disadvantage in having less access to low cost, low interest loans for the homesteaders due to corruption in the local financing scene. Because of this, SWAP must use conventional mortgages with market interest rates, raising the cost to the homesteader. In addition, regular banks are not geared towards serving low-moderate income residents. They prefer "safe" clients. SWAP reports that several Providence banks have been quite cooperative in financing homesteading properties up to this point.

However, what will happen if the mortgage market tightens up again and the banks lose their inclination to support homesteading? SWAP has no reliable source of low cost mortgage money to fall back on. The low cost neighborhood loans do not represent significant support either, making the homesteader financing system more uncertain in Providence than in Boston.

In regard to homesteader financing, the Boston homesteading program has one more advantage. As a city-backed agency with a larger resource pool to draw from, the homesteading program in Boston was able to create a back-up fund to serve as security for obtaining low interest loans. Banks are more likely to grant mortgages given the security of a collateral fund. SWAP does not have the wherewithall to set up such a fund. Again, Boston's set-up makes financing much easier and should aid in making overall

operation more productive. In spite of this, SWAP still manages to produce more while more properties under sweat equity homesteading.

The other side of financing, the cost of the house and the rehabilitation to the homesteader, represents a significant difference between the two programs. In the Boston homesteading program, the staff of the central office and the non-profit organization arrive at the sales price for the homesteader by investigating the property and assessing potential renovation costs. The non-profit decides on the rehabilitation plan for the house. Then the non-profit estimates a cost for the rehabilitation, which becomes the purchase price to the homesteader. The homesteaders have no involvement in making rehabilitation decisions.

The self-help homesteading model gives independence and autonomy to the homesteader. It provides affordable housing in a more economical manner than regular rehabilitation while at the same time giving the low to moderate income person the opportunity to determine the shape of his own housing. This added element of autonomy changes homesteading from a simple housing program to something more along the lines of a community development effort.

This difference is a crucial one. It stems from the notion that economic and social inequality have many causes. They are not simply the result of a single event. Therefore, policies to remedy such inequalities must attack several different aspects of the overall problem in order to

be effective.

This view prevails in neighborhood planning. The approach to revitalizing distressed neighborhoods and helping to improve the situation of the low and moderate income residents is a multi-faceted one. Community development looks to create housing. But it goes further than that. It recognizes that to be able to afford housing, people need to work. To work, the local economy must provide the people with job opportunities. To take advantage of job opportunities, people need training and day care. In other words, both the community and its residents need to grow to improve the overall picture.

Self-help homesteading takes a step beyond merely giving a house to someone who needs it. It offers homesteaders independence and autonomy in determining their housing circumstances. By rebuilding the home on their own, homesteaders get a sense of personal investment, of pride. Other housing subsidy programs such as Section 8 rent subsidies and public housing take away pride and certainly independence. Section 8 subsidies tend to stigmatize tenants when they approach the landlord to rent an apartment. With the horrible and often physically dangerous condition of public housing, tenants suffer degradation and worse. Further, with those programs, people must take whatever housing becomes available. Demand is so high and supply is so low, housing choice is not possible. Lower income people have no power to determine their housing situation.

Loss of hope and the power to choose characterize the situation of many residents in distressed and ignored communities. Rebuilding this power through self-help homesteading offers more than another place to live. It strengthens the community by building the personal strength of the residents. In giving homesteaders ownership of property in the community further develops a sense of belonging to the community. Choice is power and power means change. To change a distressed community, poor residents need power. The autonomous nature of sweat equity homesteading gives power in the housing sector of people's lives, which is a good place to start.

Yet, the Boston program takes away this powerfully important autonomous aspect when the non-profits plan and carry out all of the "sweat" work themselves. Even if the homesteaders could somehow convince the program to let them perform most of the sweat equity work themselves, Boston's program staff makes the decisions about the rehabilitation work that is to be done. When it prepares the homes for homesteading, it determines the rehabilitation plan. The homesteader would still not have the autonomy to choose the type or amount of work he wished to perform. He would have to follow the program's plan for the house, not his own. This would discourage most people from bothering to involve themselves in the hassles of renovating a house from scratch.

Perhaps this is what David Karoff, executive director of SWAP, meant when he attributed the success of the program

to the lack of specific sweat equity requirements.(60) SWAP staff thoroughly assesses the buildings' rehabilitation needs. But it then goes through the house with the homesteaders to show them what must be done for safety and liveability. SWAP helps the homesteaders to plan what they want to do with the house. The homesteaders remain independent in these decisions. Once they have purchased the house, the rest is really up to them. In the SWAP program, while rehabilitation costs average \$7,000 per homesteading unit, projects have varied from \$5,000 to \$70,000. The choice rests with the homesteader.

The involvement in the rehabilitation planning process on the part of the homesteader offers him the motivation for carrying out the work. In a program with true self-help or sweat equity, personal commitment is necessary for the homesteaders to complete the arduous task of renovating an empty shell. Involvement in the process from the planning stage through to completion should lead to a more personal commitment to the property than does seeing the almost finished product of someone else's plans.

HOMESTEADER SELECTION

The homesteader pools are similar in Boston and Providence. Neither group of potential homesteaders has any particular skills in construction, plumbing, electrical work. They are all low to moderate residents with similar situations. Therefore, the reason Providence succeeded in sweat equity does not come from the fact that its homesteaders have training or skills that Boston

homesteaders do not.

The way in which homesteaders are selected differs between the two programs. SWAP takes applicants in the order that they apply; Boston takes the pool of applicants and chooses among them based on the qualities identified through supporting letters and documents of the homesteader. It would seem that either method of selection should result in homesteaders who really want to participate in the program. If potential homesteaders know selection occurs on a "first-come-first-served basis," those who really want to homestead will make sure they submit their applications first. On the other hand, choosing from a pool of eligible applicants should result in selection of the most willing and most enthusiastic applications, all other things being equal. This issue, therefore, does not appear to be crucial to the difference in program productivity.

Another difference in the homesteader selection process is that the Boston program has specific low-moderate income guidelines as well as other criteria it aims to fulfill. SWAP serves lower income residents but it has no specified income ceiling. In terms of other criteria, Boston tries to serve families difficult to house--single parents, displaced families. On the other hand, SWAP almost exclusively handles families with traditional household compositions--two parents, one or more children.

The fact that a successful sweat equity homesteading program almost exclusively serves traditional nuclear families raises an interesting social dilemma for

homesteading programs. Carrying out a homesteading project which includes a major self-help portion is physically very demanding. The homesteaders move into houses in a severely dilapidated condition. Some do not have roofs or windows, others are filled with debris. It can take several years to complete the whole project. The physical demands of such an undertaking can lead to emotional stress as well. All of those involved in the homesteading process agree that it takes a tough person to make a good and happy homesteader.

This being the case, perhaps the traditional family structure offers a support system which helps the homesteaders to withstand the hardships and demands the tough job of homesteading extends to those involved. Certainly SWAP has been far more productive with a true self-help program than Boston and almost all of its participants are in traditional nuclear family settings.

Does this mean, therefore, that for a workable true homesteading model, it is necessary for the families to adhere to the traditional nuclear model? Within today's social framework, this is an unrealistic and inapplicable concept. Changing social patterns have produced a myriad of configurations constituting "a family," many of which have little resemblance to the traditional model. And many provide just as much support for their members as do traditional families.

Perhaps it might be difficult for a single adult family member to carry out all of the rehabilitation work on his or her own. However, it should not be impossible, especially

if the homesteading program has a sufficient support system. In fact, in other sweat equity housing program such as those in Philadelphia and New York, female-headed households dominate the homesteading families. These families have completed the most difficult of rehabilitating tasks themselves, regardless of the fact that they are headed by single females.(61)

This is a very important issue because low income families tend to be headed by single parents, people who have great difficulty entering the ownership market. A viable homesteading program would have to address the housing needs of these non-traditional family types if it were to serve as an affordable homeownership option to those who otherwise cannot enter the market.

SWEAT EQUITY/REHABILITATION

The only way any family can complete the majority of the rehabilitation itself is through the help of the support system within the homesteading program. As we have already seen, SWAP accompanies its heavy self-help portion with a technical support structure designed to backup the homesteaders' efforts. SWAP is there every step of the way, from start to finish, guiding the homesteader through the process. The guidance takes the form of counseling, a tool bank and technical assistance on renovation methods and rehabilitation skills. SWAP creates for the homesteader every opportunity to succeed. A very large majority manages to do so.

Boston, on the other hand, has no such support

structure. Nor it does not need one, with the non-profits supervising all of the renovations and the contracting work. But even early in the program, when the requirements called for much of the work to be done by the homesteaders themselves, there was no system of emotional and technical support. Program organizers in Boston complained that homesteaders either failed to complete or were not interested in beginning a project which demanded a heavy amount of sweat equity. Missing from the picture for timid and inexperienced homesteaders was a staff willing to devote time and energy to helping at every step of the process. More importantly, no one offered a regular form of technical assistance, a way for the homesteaders to learn the skills required to complete the renovation work on their own.

In the original program proposal, the non-profit components of the Boston program were meant to play the intermediary role between the central office and the homesteaders. The non-profit was supposed to closely supervise the work for heavy sweat equity.(62) Boston's program application to HUD outlined this, but that was as far as the idea went. The program failed to design a means by which this supervision would occur. Neither did it structure a system to support a large-scale rehabilitation project, such as a tool bank or working cooperative. With these factors missing from the program design, it was bound to fail at carrying out a true sweat equity component.

In summary, Boston's program is run by a City agency which contracts out the work to non-profits. Because it

exists within a government agency, it has the advantage of funds available for both administrative and rehabilitation costs. It also has the advantage of City-owned properties to use for the homesteading project. What Boston lacks to successfully carry out sweat equity is an emotional and technical support system to aid homesteading families in rehabilitating the properties.

SWAP uses a support system to provide the opportunity of homesteading to over twice homesteaders as Boston. Although it lacks the funds for administration and rehabilitation subsidy that Boston enjoys as a City agency, SWAP operates free from the political web of a government agency. Its independence and the fact that homesteading is its sole mission means the ability to devote all resources to the homesteading endeavor. Autonomy and a technical and emotional support system seem to be the keys to SWAP's success. In the final chapter, I will explore how these could work together with important elements of Boston's program in order to formulate a workable homesteading model which could work in other cities.



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CHAPTER SIX: CONCLUSION

Boston set out trying to orchestrate a program resembling the HUD outline for "needy" homesteaders.(63) It wanted to serve lower income families who would be able to offset the costs of renovating the abandoned properties by performing much of the rehabilitation themselves. It originally planned for a true sweat equity component, with the homesteaders performing much of the rehabilitation themselves.

There is no question that Boston's homesteading program has provided affordable homeownership opportunities to lower income Boston residents who certainly could not enter the open ownership market. Insofar as it provided housing without displacing local residents with upper income professionals, Boston's homesteading program has been a success.

However, to achieve this success, Boston gave up the core of pure homesteading. To get properties out under the homesteading program, Boston reduced the sweat equity from its original heavy requirement to a simple light requirement. The Boston program now expects the homesteaders to carry out only light cosmetic work on their properties. All of the heavy rehabilitation work such as heavy interior and exterior construction, carpentry, interior systems, is completed by contractors. The non-profit community development corporation makes all the decisions and designs all of the plans for the rehabilitation. The homesteader plays no role in

determining these aspects of his housing. He must accept the almost finished product presented to him. He retains no autonomy.

With Boston's type of sweat equity, the homesteader loses any independence he might have in determining the shape of his housing through deciding on and performing the rehabilitation himself. He also loses the opportunity to renovate the house more cheaply. With Boston's model, the non-profit chooses the rehabilitation work to be done and hires an outside contractor to complete the project. The homesteader pays the price for this work in the sales price he pays to the non-profit. He must pay for whatever work the non-profit feels should be done. He cannot leave out things he might not really want. Also, the homesteader, in paying the cost of the renovation, also pays the fee for the contractor. With the freedom to make rehabilitation choices independently, the homesteader can perform the rehabilitation more cheaply by doing it himself.

Boston claimed that it had to make the change in self-help in order to produce properties under the homesteading program for lower income families. Staff cited reasons of lack of ability and enthusiasm on the part of the homesteaders in addition to the large size of Boston houses as reasons why the sweat equity did not work.

However, it becomes clear that these reasons do not in fact prevent a homesteading program from operating with a real self-help element. The SWAP homesteading program demonstrates quite clearly the possibility of renovating a

large number of homes using self-help with equally inexperienced homesteaders and equally large frame houses. In fact, SWAP represents a perfect example of the HUD model of homeownership for "needy" homesteaders.(64) It serves lower income families. The families have no special skills but they are willing and able to perform most of the rehabilitation themselves to offset the costs of the project.

Also in the HUD "needy" model appears the qualification that the number of properties should be maximized and the rehabilitation costs should be low. SWAP achieved both of these qualifications. It has turned over 400 properties throughout its ten year program. As well, the flexibility and the independent nature of the renovation requirements keeps the costs of rehabilitating each unit as low as possible.

Most importantly, SWAP encourages self-help by providing technical and emotional assistance through rehabilitation classes, a Tool Bank, counseling and assistance in obtaining mortgage financing. Even with its limited budget, SWAP manages to subsidize the initial rehabilitation costs. With this support system and the independence allowed a grassroots non-profit organization, SWAP becomes a program which effectively turns abandoned properties into affordable homeownership opportunities for lower income buyers.

Given what SWAP and Boston have to offer, what elements are required to design a workable homesteading

program? In sum, a homesteading program should be community-based, function solely as a homesteading operation, and be well funded by the City.

The comparison between Boston's program and SWAP reveals the importance of a close relationship between the homesteading organization and the homesteaders. A program solely devoted to homesteading and operating at the community level seems the most effective way to set up the support systems necessary to permit a true self-help program to work. Without autonomy on the part of both the organization and the homesteaders, a self-help homesteading program falters.

The other crucial ingredient is funding. To keep the program serving low-moderate income residents, the homesteading program must subsidize the cost of rehabilitation. And for a community-based organization to be able to do this, it requires government support. This presents a difficulty in a time when a conservative federal government plans to cut out the few remaining funds to the nation's cities. If government subsidy is no longer possible, serving lower income residents under a homesteading program will no longer be possible.

Therefore, for homesteading to continue, cities must find new channels through which to generate more funds. The rest of community development is currently moving towards encouraging private sector contribution in the local economy and in local development projects. With so many millions of dollars in the hands of banks and big business, they

represent a crucial funding source and they stand for the future of development funding.

Another crucial source for homesteading still exists in cities: properties available for homesteading. While the source of abandoned HUD properties dried up long ago, the stock of abandoned properties in American cities is far from depleted. Many cities still have a burdensome supply of vacant, abandoned buildings, both City-owned and privately owned.

What then is the future of homesteading as a affordable housing tool in a nation with a serious housing shortage? I do not see homesteading as the final and only answer for affordable housing. Neither do I question the importance of any other programs which provide opportunities for less-than-market-rate housing. However, I do think sweat equity urban homesteading can go beyond the basic supplying of affordable housing to contribute the added elements of independence and economy. As such, I think homesteading is still a viable and important option for housing policy makers to explore.

Self-help homesteading represents a dual-pronged policy, and as such offers an important contribution to housing and community development policy. First, it brings opportunity for affordable homeownership to low and moderate income individuals. In this it is a housing policy. Further, and what makes homesteading with sweat equity unique as a housing program, is that it also becomes a community development policy. The residents of poor,

distressed communities suffer from powerlessness to change their situation. Many programs designed to aid the poor hand down solutions without taking ideas and personal involvement from the people for whom the policies are designed. Housing programs dispense Section 8 certificates, public housing, rent vouchers. Employment training programs bring opportunities to learn skills, but fail to provide day care and counseling to help families to adjust. These remedies attack part of the problem, but they do not give a sense of involvement and control to the poor. Planning for the poor instead is done on their behalf by someone on the outside.

Self-help homesteading gives back some of the power to lower income people. It gives independence in housing choice. Instead of a planner deciding under what circumstances a person should live, an urban homesteader decides himself. Homesteading empowers rather than controls and dominates. It gives dignity rather than taking it away. Empowering some of the residents helps to empower the community. Strengthening community residents helps the whole community to grow from within.

Homesteading is not the only key to empowerment. Other housing programs and economic development programs are needed to truly renew failing and distressed neighborhoods. Grassroots efforts still need the financial commitment of the national and local governments to carry out their plans. But as long as homesteading can be used to provide both affordable homeownership opportunities and bring

autonomy and power to provision of low to moderate income housing, it should play a role in community development policy.

Notes

1. Drewes, p.422-231.
2. Homesteading Guide for Local Officials, p.1.
3. Census of Housing, 1970.
4. Urban Homesteading Catalog, Vol.3, p.2.
5. Ibid.,p.i.
6. Urban Homesteading Act, p.1-2.
7. Ibid.p.3-4.
8. Urban Homesteading Catalog, Vol.1, p.6.
9. Proposal to HUD, p.I-1.
10. Ibid.p.I-3.
11. Ibid.p.I-5.
12. Program description, p.2.
13. Proposal to HUD, p.II-2.
14. Ibid.p.III-6.
15. Interview with Frank Tate.
16. Ibid.
17. Ibid.
18. Ibid.
19. Ibid.
20. Ibid.
21. Interview with Shelley Hoon.
22. Interview with Frank Tate.
23. Ibid., Proposal to HUD.
24. Interview with Frank Tate.

25. Income Guidelines mimeograph.
26. Census Tract Data.(See Appendix)
27. Ibid.
28. Ibid.
29. Ibid.
30. Program Description, p.2.
31. Calculated by averaging the median incomes of the census tracts. See Appendix for data.
32. Census Tract Data.
33. Ibid.
34. Interviews with Tate, Hoon, Hutchinson.
35. Interview with Jack Hutchinson.
36. Interview with Shelley Hoon.
37. Ibid.
38. Interview with Frank Tate.
39. Ibid.
40. Interviews with Jack Hutchinson, Shelley Hoon.
41. Ibid.
42. SWAP mimeograph, p.1.
43. Interview with David Karoff.
44. Ibid.
45. Ibid.
46. Ibid.
47. Ibid.
48. Ibid.
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50. Ibid.

51. Ibid.
52. Ibid.
53. Ibid.
54. Ibid.
55. Ibid.
56. Ibid.
57. Ibid.
58. Housing Census, 1980, Boston.
59. Housing Census, 1980, Providence.
60. Ibid., Karoff.
61. Information from Beth Marcus on squatters in Philadelphia and written information on UHAB in New York.
62. Proposal to HUD, p.II-2.
63. Ibid.
64. Urban Homesteading Catalog, Vol.1, p.6.
65. Ibid.

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APPENDIX

1980 CENSUS TRACT DATA: DORCHESTER

RACE					OCCUPATION					
Tract#	White	Black	Hispanic	Asian	Tract#	Executive, administrative, managerial	Professional specialty	Administrative support	Service occupations	Operators, labor fabricators
907	2,905	33	141	14	907	156	128	340	221	246
908	1,017	1	232	1	908	11	33	109	72	153
909	76	1,153	232	2	909	0	0	66	86	208
910	2,470	13	79	2	910	106	61	356	193	208
911	4,522	26	120	33	911	137	189	551	376	469
912	2,241	446	439	25	912	104	103	343	284	248
913	806	396	1,054	10	913	43	26	156	135	223
915	2,298	1,393	720	15	915	106	113	321	373	420
918	1,094	1,714	521	18	918	38	108	240	245	241

Total	17,429	5,175	3,538	120
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Tract#	Total Pop
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907	3,000
908	1,021
909	1,426
910	2,563
911	4,662
912	3,189
913	2,382
915	4,592
918	2,933
Total	25,768

Percent of total	67.64%	20.08%	13.73%	0.47%
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FAMILY TYPE

Tract#	Married Couple Families	Female Headed Households
907	483	220
908	159	76
909	62	211
910	405	188
911	722	331
912	445	253
913	277	229
915	645	318
918	365	338

Total	3,563	2,164
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Tract#	Total families
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907	756
908	249
909	286
910	626
911	1,139
912	751
913	543
915	1,029
918	759
Total	6,138

Percent of total	58.05%	35.26%
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Total	410	411	1,422	948	1,284
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Tract#	Total working population
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907	1,409
908	484
909	266
910	1,246
911	2,147
912	1,332
913	756
915	1,686
918	1,093
Total	10,419

Percent of total	3.94%	3.94%	13.65%	9.10%	12.32%
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AVERAGE MEDIAN INCOME

Tract#	Median income per household
907	\$11,605
908	\$11,146
909	\$8,261
910	\$15,559
911	\$15,868
912	\$10,985
913	\$10,646
915	\$10,784
918	\$9,338

Average Median Income	\$11,577
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APPENDIX

1980 CENSUS TRACT DATA: ROXBURY

RACE					OCCUPATION					
Tract#	White	Black	Hispanic	Asian	Tract#	Executive, administrative, managerial	Professional specialty	Administrative support	Service occupations	Operators, labor fabricators
813	432	2,925	814	8	813	49	56	180	317	287
815	279	2,149	112	21	815	72	119	197	190	162
817	94	3,355	41	7	817	99	152	376	340	233
818	143	2,422	113	7	818	47	60	231	259	164
819	130	2,842	210	9	819	153	149	318	368	205
820	230	3,020	210	10	820	92	138	369	257	185
821	66	5,415	325	24	821	80	184	320	586	400
901	69	4,493	181	5	901	85	133	407	442	398
902	20	1,946	161	3	902	10	90	178	181	79
903	65	2,896	291	4	903	33	103	258	298	206
904	86	1,179	169	3	904	34	66	104	204	91
905	130	679	429	3	905	0	42	79	125	109
906	478	597	676	0	906	21	20	72	214	170
914	358	1,232	735	16	914	48	73	112	223	148
924	176	5,308	356	13	924	102	108	519	448	398
1001	182	3,721	429	6	1001	66	108	258	283	256
1002	116	2,332	133	12	1002	26	45	225	222	150
1203	2,615	1,176	1,777	36	1203	132	214	387	468	399
Total					Total					
Tract#	5,669	47,687	7,162	187	Tract#	637	1,860	4,590	5,425	4,040
Total population					Total working population					
813	4,094				813	1,092				
815	2,545				815	799				
817	3,576				817	1,322				
818	2,642				818	981				
819	3,157				819	1,421				
820	3,450				820	1,279				
821	5,785				821	1,783				
901	4,711				901	1,754				
902	2,186				902	643				
903	3,253				903	982				
904	1,410				904	585				
905	1,215				905	408				
906	1,955				906	548				
914	2,378				914	710				
924	5,738				924	1,981				
1001	4,226				1001	1,155				
1002	2,546				1002	788				
1203	5,154				1203	1,971				
Total	59,941				Total	20,202				
Percent of total					Percent of total					
	9.46%	79.56%	11.95%	0.31%		3.15%	9.21%	22.72%	26.85%	20.00%

APPENDIX

1980 CENSUS TRACT DATA: ROXBURY

FAMILY TYPE			AVERAGE MEDIAN INCOME	
Tract#	Married Couple Families	Female Headed Households	Tract#	Median income per household
813	360	489	813	\$5,088
815	273	227	815	\$10,949
817	347	429	817	\$10,847
818	264	247	818	\$10,837
819	328	378	819	\$10,631
820	353	365	820	\$10,914
821	455	901	821	\$8,634
901	494	565	901	\$9,831
902	175	301	902	\$8,789
903	309	417	903	\$8,791
904	148	142	904	\$12,944
905	132	112	905	\$7,545
906	231	149	906	\$9,773
914	225	235	914	\$8,785
924	544	723	924	\$9,642
1001	347	521	1001	\$9,230
1002	251	290	1002	\$11,615
1203	588	456	1203	\$12,151
Total	5,824	6,947		
Tract#	Total families		Average Median Income	
813	917			\$9,833
815	525			
817	839			
818	551			
819	757			
820	774			
821	1,432			
901	1,133			
902	520			
903	793			
904	310			
905	264			
906	405			
914	495			
924	1,359			
1001	937			
1002	578			
1203	1,111			
Total	13,700			
Percent of total	42.51%	50.71%		